

121 FERC ¶ 61,147  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Columbia Gulf Transmission Company

Docket Nos. RP07-478-000  
RP07-478-001  
RP07-478-002

ORDER ACCEPTING TARIFF SHEETS SUBJECT TO CONDITIONS

(Issued November 15, 2007)

1. On June 5, 2007, as amended August 1, 2007 and August 17, 2007, pursuant to section 4 of the Natural Gas Act (NGA), Columbia Gulf Transmission Company (Columbia Gulf) filed revised tariff sheets<sup>1</sup> proposing a new service to its Parking and Lending (PAL) rate schedule and *pro forma* service agreement called “Auto PAL.” Columbia Gulf states that, under Auto PAL, shippers would have the option to elect to have Columbia Gulf automatically deem certain quantities at Columbia Gulf’s pooling points to be park and loans. Columbia Gulf proposes a June 1, 2008, effective date, one month following the anticipated launch date of its new Electronic Bulletin Board (EBB) and gas management system (Navigates).<sup>2</sup> The Commission will accept the revised tariff sheets to be effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gulf system, subject to the conditions set forth below.<sup>3</sup>

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<sup>1</sup> Second Revised Sheet No. 86 and Original Sheet Nos. 333D, 333E, 333F and 333G to FERC Gas Tariff, Second Revised Volume No. 1.

<sup>2</sup> On August 17, 2007, Columbia Gulf notified the Commission that the launch of Navigates would be May 1, 2008.

<sup>3</sup> If Navigates commences on a date later than May 1, 2008, Columbia Gulf is directed to file a letter prior to that commencement stating the revised commencement date.

**Details of the Filing**

2. Columbia Gulf permits shippers to nominate service to and from pooling points under two rate schedules, Rate Schedule IPP (Interruptible Paper Pool) and Rate Schedule AS (Aggregation Service). Each Rate Schedule permits Columbia Gulf to adjust shippers' scheduling nominations for service into and out of the pool, so that the quantities scheduled for delivery into the pool and out of the pool will be equal.<sup>4</sup>
3. Columbia Gulf states in its transmittal letter that, consistent with the provisions of the two pooling rate schedules, Navigates will automatically adjust the shipper's scheduling nominations so that quantities scheduled into the point are equal to quantities scheduled from the point. Columbia Gulf states that this will eliminate unauthorized parks and lends.
4. The purpose of the proposed Auto PAL service is to give shippers the option to elect to have Columbia Gulf automatically deem differences in nominated quantities at pooling points to be park and loans,<sup>5</sup> thereby providing shippers greater flexibility in managing over and under scheduled quantities at the customer-selected points.
5. Columbia Gulf states that, during the term of an Auto PAL service agreement, a shipper will have the choice to turn "on" and "off" the Auto PAL service for any gas day. According to Columbia Gulf, if the shipper has turned "on" its Auto PAL service, any difference between the shipper's scheduled quantities to and from its selected point of service for that gas day will be deemed by Columbia Gulf to be parked or loaned.<sup>6</sup> Columbia Gulf states that auto parks and auto loans are only deemed to have occurred if Auto PAL service is available for that gas day, and the shipper: (1) has executed a Master Auto PAL Agreement, with an accompanying Appendix A identifying the pooling point(s) of service at which shipper desires Auto PAL service; and (2) has turned its Auto PAL service "on" for the gas day in which shipper has a difference between its scheduled quantities to and from its point(s) of service. This difference in scheduled quantities becomes shipper's Auto PAL Account Balance, and the Auto PAL Account Balance Charge will be assessed on these quantities until shipper clears its balance to zero.

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<sup>4</sup> Section 4(d) of Rate Schedule IPP and section 4(c) of Rate Schedule AS provide:

In the event that pool supply and market quantities do not equal, Transporter may use rankings on Shipper's pool nominations to bring supply and market quantities into balance.

<sup>5</sup> The pool points, explains Columbia Gulf, include aggregation points (AS Rate Schedule), and interruptible paper pool points (IPP Rate Schedule).

<sup>6</sup> Columbia Gulf explains that it is only after the fourth nomination cycle (the Intra-Day 2 cycle) that a difference between the shipper's scheduled quantities to and from its selected point of service will be deemed an auto park or auto loan.

6. Columbia Gulf states that, in the event a shipper without a Master Auto PAL Agreement (or one with a Master Auto PAL Agreement turned “off”) over- or under-nominates at a pooling point, Navigates will automatically adjust the shipper’s nominations so that the confirmed nomination into and from the pooling point are equal.

7. Columbia Gulf states that the instant filing does not propose a rate change, and that its currently effective maximum and minimum rates under its PAL Rate Schedule will apply to the proposed Auto PAL service feature within the existing PAL Rate Schedule. In addition, Columbia Gulf states, it may, from time to time, post on Navigates point-specific discounts generally applicable to Auto PAL shippers at such point(s). Columbia Gulf further states that any such generally-applicable discounts will be posted a minimum of two business days in advance of the discount’s effectiveness, and that if no discount is posted, then the default rate (called the Account Balance Charge) shall be the maximum rate. Columbia Gulf states that an Auto PAL shipper can avoid paying the maximum rate by clearing its Auto PAL Account Balance to zero before the posted discount terminates.

### **Waiver**

8. Columbia Gulf’s initial filing and the amendments to its initial filing were made more than 60 days prior to the requested effective date. Columbia Gulf states that in view of the change in the launch date of Navigates and its desire to provide its customers with a one-month lag between the implementation of Navigates and the effective date of the Auto PAL feature, Columbia Gulf requests that when the Commission acts on the merits of its Auto PAL proposal that the subject tariff sheets be accepted effective June 1, 2008. Columbia Gulf asserts that good cause exists for the Commission to grant waiver of the 60-day time limit in section 154.207 of the Commission’s regulations.<sup>7</sup>

### **Notice of Filing, Interventions, Protests and Answer**

9. Public notice of Columbia Gulf’s filing was issued on June 8, 2007. Interventions and protests were due as provided in Rule 210 of the Commission’s regulations.<sup>8</sup> Pursuant to Rule 214,<sup>9</sup> all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Protests were filed by Tennessee Valley Authority (TVA); jointly by Conectiv Energy Supply, Inc. and Delmarva Power & Light Company (CESI/Delmarva); jointly by New Jersey Natural Gas Company and NJR Energy Service Company (NJR); and Piedmont Natural Gas Company, Inc. (Piedmont). Piedmont and

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<sup>7</sup> 18 C.F.R. § 154.207 (2007).

<sup>8</sup> *Id.* § 154.210.

<sup>9</sup> *Id.* § 385.214.

NJR's protests also contained requests for a technical conference. On June 28, 2007, Columbia Gulf filed an answer. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2007), answers to protests are not accepted unless otherwise ordered by the decisional authority. The Commission will accept Columbia Gulf's answer because it has provided information that assisted in our decisionmaking process.

10. On August 1, 2007 and August 17, 2007, in Docket Nos. RP07-478-001 and RP07-478-002, respectively, Columbia Gulf amended the filing, requesting a later effective date for the Auto PAL tariff due to the delay in the launch of Navigates. Public notices of these filings were issued on August 2, 2007 and August 28, 2007, respectively. No comments or protests were filed. Pursuant to Rule 214, all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

### **Discussion**

11. We find that Columbia Gulf's proposed optional Auto PAL service feature is just and reasonable, subject to the revisions described below. The Auto PAL service will provide Columbia Gulf's shippers greater flexibility in managing over and under scheduled quantities at customer-selected points, and will not have the various adverse effects asserted by the protesters. However, certain modifications are required to be consistent with the Commission's June 5, 2007 order in Docket No. RP07-412-000 concerning Columbia Gulf's Master PAL Agreement and Columbia Gulf's willingness to provide a "safe-harbor limit" for free Auto PAL service during the first two months the service is in effect, as discussed below. Accordingly, Columbia Gulf's revised tariff sheets are accepted effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gulf system, subject to the conditions discussed below.

12. Piedmont protests that the implementation of the Auto PAL service feature will result in the imposition of increased scheduling penalties. Piedmont argues that shippers will have to subscribe to Auto PAL in order to avoid having to pay the Daily Delivery Point Scheduling Penalties recently approved by the Commission in Docket No. RP07-174-000.<sup>10</sup> However, as Columbia Gulf explains, the scheduling penalties approved in Docket No. RP07-174-000, do not apply at pooling points. Therefore, Piedmont is incorrect in the assertion that shippers will have to subscribe to Auto PAL to avoid having to pay Daily Delivery Point Scheduling Penalties because these penalties are not applicable at pooling points.

13. Piedmont also protests the provisions of the proposed Master Auto PAL Agreement and Transaction Confirmation that provide for deemed acceptance of

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<sup>10</sup> See *Columbia Gulf Transmission Co.*, 119 FERC ¶ 61,268 (2007).

transaction confirmations two days after they are transmitted by Columbia Gulf unless disputed in writing by the shipper to whom the confirmations were directed, and argues that the proposed confirmation procedures are inconsistent with the recent order on Columbia Gulf's limited section 4 filing to revise its Master PAL Agreement in Docket No. RP07-412-000.<sup>11</sup> In that order, the Commission directed Columbia Gulf to file revised tariff sheets that give shippers the option of whether or not to agree to the process whereby an Appendix A is deemed executed if not objected to within two days.

14. In its answer, Columbia Gulf states that it will make a compliance filing that reflects the same change to the electronic contracting confirmation process applicable to the Master Auto PAL Transaction Confirmation Sheet, as that required of the Master PAL Transaction Confirmation Sheet that was the subject of the Commission's recent order in Docket No. RP07-412-000.<sup>12</sup> The Commission conditions acceptance of the instant proposal on Columbia Gulf filing revised tariff sheets with conforming language as required in Docket No. RP07-412-000, within 15 days of the issuance of this order.

15. Piedmont and NJR argue that if a shipper does not have Auto PAL service (or a shipper has the service turned "off"), then Navigates will automatically adjust the shipper's over- or under-nominations at a pooling point so that quantities scheduled into the point are equal to quantities scheduled from the point – this is described by parties as a "forced balancing."

16. In its answer, Columbia Gulf states that sections 4(d) of IPP Rate Schedule and section 4(c) of its AS Rate Schedule provide authority for the automatic adjustment of pool nominations so that amounts scheduled into a pooling point are equal to the amounts scheduled out of the point. Columbia Gulf states that Navigates has the functionality to automatically "monitor and adjust" nominations into and out of a shipper's pool "to maintain a concurrent balance between receipts and deliveries," consistent with these provisions of the two rate schedules. However, Columbia Gulf asserts that if a shipper uses the Auto PAL service feature it can avoid such automatic nomination adjustments.

17. The Commission finds that Columbia Gulf's currently-effective tariff language already provides it with the authority to make such adjustments to balance the volumes it schedules into and from a pooling point and that the new Auto PAL service feature is not reducing a shipper's flexibility since Columbia Gulf will merely enforce an existing tariff provision. Further, we find that the proposed optional Auto PAL service feature will provide shippers greater flexibility in managing over and under scheduled quantities at customer-selected points.

18. While Columbia Gulf's tariff allows it to equalize the volumes it schedules into and out of a pooling point during the scheduling process, the tariff does permit shippers

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<sup>11</sup> *Columbia Gulf Transmission Co.*, 119 FERC ¶ 61,233 (2007).

<sup>12</sup> *Id.*

to carry physical differences between the receipts that are scheduled at a pooling point and the shipper's actual receipts at that point.<sup>13</sup> These differences are referred to as "operational imbalances." Several parties are concerned that Columbia Gulf's Auto PAL proposal will limit their ability to carry operational imbalances. CESI/Delmarva interprets Columbia Gulf's transmittal letter as stating that if a shipper does not participate in Auto PAL, Columbia Gulf will be able to automatically adjust a shipper's nominations at a pooling point so that the nominations and actual takes match. CESI/Delmarva asserts that this directly contradicts Columbia Gulf's currently effective tariff provisions, permitting shippers nominating under Rate Schedule IPP to aggregate nominations at a pooling point and to carry physical imbalances without Columbia Gulf charging an additional rate for this service. CESI/Delmarva concludes that if Columbia Gulf is seeking tariff authority to automatically adjust a shipper's nominations to/from a pooling point under Rate Schedule IPP, Columbia Gulf has not proposed changes to its currently effective tariff that would give it the ability to do so. In short, CESI/Delmarva argues that Columbia Gulf is requiring shippers to incur the cost of Auto PAL in order to continue to carry physical imbalances at pooling points and that Columbia Gulf has not provided any cost justification for the proposal.

19. Columbia Gulf states in its answer that it does not intend to eliminate the provisions of the IPP and AS rate schedules that provide for differences between confirmed nominations and actual receipts into the pool to be held as operational imbalances. Columbia Gulf's currently effective tariff provides: "Any differences between confirmed nominations and actual receipt quantities shall be held as an operational imbalance under Shipper's IPP Service Agreement."<sup>14</sup> The Commission finds that the Auto PAL service feature will not eliminate the ability of an IPP or AS user to have operational imbalances. Columbia Gulf has not proposed in this filing to modify the existing provisions of the IPP and AS rate schedules which permit shippers to carry operational imbalances between confirmed nominations and actual receipts.

20. Piedmont and NJR question what priority will the "deemed nominations" under Auto PAL have, compared to the priority of regular PAL nominations. Columbia Gulf states that they will have the same priority. Columbia Gulf explains that Auto PAL is an additional feature of PAL service, and not an entirely new service. Auto PAL and regular PAL customers will experience *pro rata* reductions on days when not all nominations can be fully scheduled.

21. NJR and Piedmont ask if Navigates will show in advance, what total quantity is available for Auto PAL each day. Columbia Gulf states that Navigates will show whether Auto PAL will be available the next gas day, but will not show precise quantities

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<sup>13</sup> Section 4(e) of Rate Schedule IPP and section 4(d) of Rate Schedule AS.

<sup>14</sup> Columbia Gulf's answer at 3 (citing section 4(e) of the Columbia Gulf's IPP Rate Schedule). Columbia Gulf also states that this same provision appears in section 4(d) of its AS Rate Schedule.

available because such information will be unknown. The Commission finds that Columbia Gulf has adequately addressed this concern.

22. TVA protests that an out-of-balance shipper would “face a classic ‘Catch-22’ situation: either choose to turn Auto PAL ‘on’ and be charged the Auto PAL Account Balance Charge on all daily imbalances at a going rate to be established by Columbia Gulf or be ‘force balanced’ through supply and delivery cuts.”<sup>15</sup> TVA argues that this, in turn, could create additional balancing problems for shippers. Instead, TVA proposes that, to resolve daily variances, the Commission require Columbia Gulf to implement a storage swing option akin to the service that Tennessee Gas Pipeline Co. provides under Rate Schedule LMS-MA.<sup>16</sup>

23. In its answer, Columbia Gulf states that TVA is incorrect in its characterization of the Auto PAL service feature, and its request that the Commission direct Columbia Gulf to file for a new third-party swing service rate schedule is one that the Commission can only do under section 5 of the NGA. Columbia Gulf asserts that such NGA section 5 action requires a showing not made by TVA – that Columbia Gulf’s currently effective tariff is unjust and unreasonable, and that the addition of a new rate schedule of the kind suggested by TVA is just and reasonable. Columbia Gulf also counters TVA’s characterization of Auto PAL, explaining that the service would apply only at pooling points, and would serve simply to manage, in an automated way, differences between nominations into the pooling point and nominations from the pooling point.

24. Further, Columbia Gulf states that the addition of a new rate schedule providing for firm third party storage swing service is not a necessary or appropriate condition to implementation of Columbia Gulf’s Auto PAL service feature. Columbia Gulf asserts that, today, any Columbia Gulf shipper is free to use storage services provided by off-system, third-party storage service providers. Such third-party storage supplies can be transported to and from the system of Columbia Gulf by nominating such supplies to and from the point(s) of interconnection between such systems. The nomination deadlines set forth in Columbia Gulf’s currently-effective tariff will apply in such circumstances. In view of the foregoing, we find that Columbia Gulf has adequately addressed this concern.

25. NJR asks if an Auto PAL shipper can trade its Auto PAL Account Balance with another Auto PAL shipper for free. Columbia Gulf states that an Auto PAL shipper would not be permitted to do so. Columbia Gulf states that each customer will maintain its own Auto PAL Account Balance, and pay the applicable Auto PAL Account Balance Charge on such balance. Columbia Gulf states that under the PAL Rate Schedule currently in effect in its tariff, a PAL shipper’s Account Balance is not allowed to be

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<sup>15</sup> TVA Protest at 3.

<sup>16</sup> *Id.* at 4.

freely traded with another PAL shipper's Account Balance.<sup>17</sup> We find that equal treatment of PAL service and Auto PAL in this regard is appropriate.

26. Piedmont questions why section 2(b) of Columbia Gulf's PAL Rate Schedule does not apply to the Auto PAL service feature. Section 2(b) of Columbia Gulf's PAL Rate Schedule provides for situations in which a PAL Account Balance is reduced when the quantities identified in a shipper's nomination submission, which nomination would have reduced a park or loan balance, are not confirmed. Columbia Gulf states the Auto PAL service feature is not nominated by shippers, rather it is automated. Thus, Columbia Gulf asserts that section 2(b) of its PAL Rate Schedule, by its terms, does not apply. We find that Columbia Gulf has adequately answered this concern.

27. NJR also argues that it is unreasonable for Columbia Gulf to implement what amounts to a new fee/penalty scheme so soon after the launch of Navigates, thereby not allowing shippers adequate time to familiarize and train themselves to the level necessary to avoid paying these new fees/penalties. NJR requests that the instant proposal be implemented not less than three months after the successful rollout of Navigates.

28. In its answer, Columbia Gulf states that it agrees to provide a "safe-harbor limit" for free Auto PAL service during an initial two-month grace period during September and October, 2007. With the new June 1, 2008, effective date, the August 17, 2007, filing revises the safe harbor period to begin on June 1, 2008, and end on July 31, 2008. Columbia Gulf states that during this grace period, a shipper at any eligible Auto PAL point of service will be allowed up to a total Auto PAL account balance of 1,000 Dth without charge. Columbia Gulf also states that should shippers exceed this limit during the grace period, Auto PAL charges will apply to quantities above 1,000 Dth. The Commission finds that Columbia Gulf's willingness to provide a "safe-harbor limit" adequately addresses NJR's concern. The Commission will condition acceptance of the instant proposal on Columbia Gulf filing revised tariff sheets establishing the "safe-harbor limit" to which it has agreed, as described above, within 15 days of the issuance of this order.<sup>18</sup>

29. In light of the foregoing, we do not find a need to establish a technical conference in this proceeding. Further, the Commission finds good cause to grant waiver of section 154.207 of the Commission's regulations.

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<sup>17</sup> Free PAL to PAL transfers are not allowed under the inventory transfer provisions of section 18.2 of the General Terms and Conditions of its tariff.

<sup>18</sup> The tariff revision should provide that, if Navigates commences on a date later than May 1, 2008, the dates for the 2 month "safe-harbor limit" will be adjusted correspondingly.



The Commission orders:

(A) The revised tariff sheets listed in footnote no. 1 of this order are accepted effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gulf system, subject to the conditions in this order.

(B) Columbia Gulf is directed, within 15 days of the date this order issues, to file revised tariff sheets consistent with the discussion in the body of this order.

(C) The request of Columbia Gulf for waiver of section 154.207 of the Commission's regulations is granted, as discussed in the body of this order.

(D) The requests for a technical conference are hereby denied.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.